

Message Text

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TO SECSTATE WASHDC 8161

INFO USMISSION NATO BRUSSELS

AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 01 OF 02 BONN 15164

DEPARTMENT PASS TREASURY AND DEFENSE

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: BURDENSARING

REF: (A) US NATO 4980; (B) LONDON 12157

1. SUMMARY. WE AGREE WITH US MISSION NATO'S ASSESSMENT OF THE CURRENT SITUATION WITH RESPECT TO OUR NATO INITIATIVE ON BURDENSARING. IN OUR VIEW, HOWEVER, WE ARE MORE LIKELY TO OBTAIN A MAXIMUM GERMAN BURDEN-SHARING CONTRIBUTION BY PRESSING FOR IT WITHIN THE BILATERAL OFFSET FRAMEWORK. IN ADDITION, IF TO MEET THE TERMS OF THE JACKSON/NUNN AMENDMENT, IT SHOULD BECOME NECESSARY TO INCLUDE SOME FORM OF LOAN IN THE US-FRG OFFSET AGREEMENT, IT MAY BE DESIRABLE TO CONCENTRATE ADDITIONAL GERMAN BUDGET CONTRIBUTIONS ON INTEREST RATE SUBSIDIES FOR SUCH FINANCIAL TRANSACTIONS IN ORDER TO MAKE THEM MORE PALATABLE TO THE CONGRESS. IF WASHINGTON NEVERTHELESS DECIDES THAT POLITICAL CONSIDERATIONS MAKE IT NECESSARY TO

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TRY TO PERSUADE THE GERMANS TO ASSUME A LEADING ROLE

IN THE NATO BURDENSARING EXERCISE, WE BELIEVE THAT ONLY AN APPROACH AT THE HIGHEST POLITICAL LEVEL OFFERS ANY PROSPECTS FOR SIGNIFICANTLY CHANGING THE PRESENT GERMAN POSITION. END SUMMARY.

2. THE LAST BILATERAL OFFSET AGREEMENT WITH THE FRG CONTAINED A SIGNIFICANT BURDENSARING ELEMENT (BARRACKS REHABILITATION AND INTEREST RATE SUBSIDIES) AND WE HAVE IN THE CURRENT OFFSET NEGOTIATIONS AGAIN PRESSED THE GERMANS FOR A BURDENSARING ELEMENT. IN DOING SO WE HAVE ASSURED THEM THAT: (A) WE WOULD GIVE THEM FULL CREDIT IN ANY NATO BURDENSARING FOR THE CONTRIBUTION THAT THEY WOULD MAKE WITHIN THE BILATERAL OFFSET AGREEMENT, AND (B) WE DESIRED TO PROCEED WITH THE OFFSET NEGOTIATIONS--INCLUDING ITS BURDENSARING COMPONENT--PRIOR TO THE CONCLUSION OF, AND INDEPENDENTLY OF, THE NATO BURDENSARING EXERCISE. THE GERMANS IN TURN HAVE MADE IT PERFECTLY CLEAR TO US THAT: (A) THEY WERE READY TO INCLUDE A BURDEN-SHARING COMPONENT IN THE OFFSET AGREEMENT, (B) THEY DID NOT THINK THAT THE NATO BURDENSARING EXERCISE COULD GET VERY FAR AND ADVISED US AGAINST PURSUING IT, AND (C) THEY WERE NOT PREPARED TO TAKE A LEADING ROLE IN THE NATO EXERCISE BECAUSE IT WAS THEIR APPRAISAL THAT VERY LITTLE COULD BE GATHERED IN THE FORM OF REAL, ADDITIONAL BURDENSARING FROM THE OTHER NATO MEMBERS AND A GERMAN LEADING ROLE IN THE EXERCISE WOULD SIMPLY RESULT IN ADDITIONAL BURDENSARING PRESSURE FALLING ON GERMANY AFTER THE FEDERAL REPUBLIC HAD ALREADY MADE THE MAXIMUM CONTRIBUTION IT WAS PREPARED TO UNDERTAKE IN THIS FIELD WITHIN THE SCOPE OF THE BILATERAL OFFSET AGREEMENT. THESE GERMAN ATTITUDES HAVE, IF ANYTHING, BEEN FURTHER STRENGTHENED BY THE WAY THAT THE NATO BURDENSARING NEGOTIATIONS HAVE SO FAR PROCEEDED AND BY THE IMMEDIATE EMPHASIS ON OFFSET IN THE JACKSON/NUNN AMENDMENT AS IT NOW SEEMS LIKELY TO BECOME LAW IN THE NEAR FUTURE.

3. IT CONTINUES TO BE OUR ASSESSMENT THAT WE ARE MOST LIKELY TO GET THE MAXIMUM GERMAN BURDENSARING

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CONTRIBUTION IF WE NEGOTIATE FOR IT WITHIN THE BILATERAL OFFSET NEGOTIATIONS. PRESSING FOR ADDITIONAL CONTRIBUTIONS IN THE NATO FRAMEWORK OR PUSHING THE GERMANS INTO STANCES IN NATO WHICH THEY THEMSELVES BELIEVE WILL EVENTUALLY RESULT IN PRESSURE FOR ADDITIONAL BURDENSARING CONTRIBUTION ON THEM, WILL IN OUR OPINION RESULT IN THE GERMANS "GOING SLOW" IN MAKING ANY FURTHER BURDENSARING CONCESSIONS BOTH

IN THE NATO AND IN THE OFFSET NEGOTIATIONS. IT RUNS
THE SERIOUS RISK OF LEADING IN THE END TO A LESSER
TOTAL GERMAN CONTRIBUTION AND IN THE MEANTIME,
COMPLICATING BOTH SETS OF NEGOTIATIONS.

4. THE CURRENT GERMAN DM 600 MILLION (FOR TWO YEARS)

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 15164

BURDENSARING OFFER IN THE OFFSET NEGOTIATIONS STILL
IS A LONG WAY FROM OUR \$620 MILLION GOAL. WE ARE
VIGOROUSLY PRESSING GERMANS FOR AN IMPROVEMENT IN
THIS OFFER. SECRETARY SHULTZ ON HIS RECENT VISIT TO
BONN TOOK THIS QUESTION UP WITH CHANCELLOR BRANDT AND
WE WILL CONTINUE TO PRESS THE GERMANS IN THE OFFSET
NEGOTIATIONS AND IN OUR CONTINUING CONTACTS FOR A
LARGER BURDENSARING ELEMENT IN THE NEXT OFFSET
AGREEMENT. IN ADDITION, FURTHER COORDINATED APPROACHES
FROM HIGH LEVELS OF THE US GOVERNMENT WILL BE NEEDED
TO GET SUBSTANTIAL IMPROVEMENTS IN THE GERMAN OFFER.

5. ONE OTHER CONSIDERATION WHICH WE BELIEVE WE
SHOULD BEAR IN MIND IN DECIDING WHETHER TO PRESS FOR

ADDITIONAL GERMAN BURDENSARING IN THE NATO OR BILATERAL
OFFSET FRAMEWORK IS THE LIKELY FINAL ENACTMENT OF
THE MODIFIED JACKSON/NUNN AMENDMENT. IF TO MEET THE
TERMS OF JACKSON/NUNN IT SHOULD BECOME NECESSARY TO
INCLUDE SOME FORM OF LOAN IN THE OFFSET PACKAGE (SEE
STATE 207325), IT MIGHT WELL BE NECESSARY IN ORDER TO
MAKE SUCH LOANS SOMEWHAT MORE PALATABLE TO CONGRESS
AND OTHERS TO INCLUDE A MAXIMUM INTEREST RATE SUBSIDY
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WITH THE LOANS AND TO CONCENTRATE ON ADDITIONAL GERMAN
BUDGET CONTRIBUTION IN THIS FIELD RATHER THAN IN
FURTHER NATO OR LOCAL COST BURDENSARING.

6. IF DESPITE THE ABOVE CONSIDERATIONS, WASHINGTON
BELIEVES THAT FOR OVERRIDING POLITICAL REASONS IT IS
NECESSARY TO TRY TO PERSUADE THE GERMANS TO ASSUME A
LEADING ROLE IN THE NATO BURDENSARING EXERCISE, WE
BELIEVE THAT ONLY AN APPROACH BY THE UNITED STATES AT
THE HIGHEST POLITICAL LEVEL OFFERS ANY PROSPECT OF A
SIGNIFICANT CHANGE IN THE GERMAN POSITION.
HILLENBRAND

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